

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATIONS OF GREEN RIVER ELECTRIC)	
CORPORATION, HENDERSON UNION ELECTRIC)	
COOPERATIVE CORPORATION, JACKSON)	
PURCHASE ELECTRIC COOPERATIVE)	
CORPORATION, AND MEADE COUNTY RURAL)	CASE NO. 95-208
COOPERATIVE CORPORATION FOR APPROVAL OF)	
MECHANISMS TO FLOW THROUGH ENVIRONMENTAL)	
SURCHARGES TO BE CHARGED BY THEIR)	
WHOLESALE POWER SUPPLIER, BIG RIVERS)	
ELECTRIC CORPORATION)	

O R D E R

IT IS ORDERED that Green River Electric Corporation, Henderson Union Electric Cooperative Corporation, Jackson Purchase Electric Cooperative Corporation, and Meade County Rural Electric Cooperative Corporation (collectively the "cooperatives") shall file the original and 10 copies of the following information with the Commission no later than July 24, 1995. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible.

1. The cooperatives are proposing environmental surcharge mechanisms that distinguish between non-dedicated delivery points and dedicated delivery points. Explain in detail the reasons for proposing different mechanisms for the different types of delivery points.

2. Big Rivers Electric Corporation's ("Big Rivers") environmental surcharge mechanism requires surcharge amounts to be calculated based on a "percentage of revenue" approach.

a. Describe how the cooperatives' proposal differs from Big Rivers' environmental surcharge.

b. Explain why the cooperatives have proposed a method that, for non-dedicated delivery points, follows a "per KWH" typically approach used for fuel adjustment clause reporting.

c. Explain how the results of the direct "pass-through" approach proposed for dedicated delivery points are expected to differ from what would occur if the "percentage of revenue" method were implemented at the retail level for the cooperatives.

3. For each cooperative, provide an analysis for a recent twelve-month period (1992 or later) which shows the expected differences in surcharge revenues, by customer classification, under the proposed surcharge approach and the "percentage of revenue" approach. This analysis shall be based on a reasonable estimate of each cooperative's annual surcharge amount from Big Rivers.

4. For each cooperative, using sales data from April 1995 and a reasonable estimate of a monthly surcharge amount from Big Rivers, provide a sample of the monthly surcharge filing which the cooperative would submit if its proposed surcharge mechanism was already in place.

5. The cooperatives' wholesale power supplier, Big Rivers, is required to make various filings with the Commission pertaining to the environmental surcharge amounts that will be charged the cooperatives. The Commission's interest is in determining whether these same filings should be required of the cooperatives.

a. Should the cooperatives be required to file with the Commission the amount of monthly surcharge at least 10 days prior to the scheduled effective date. Explain.

b. If a monthly notification is required, what information should be included in the filing?

c. Provide an example of the notification form which the cooperatives would propose to use.

6. a. Should the Commission conduct formal reviews of the operation of the proposed surcharge at six-month intervals to review the surcharge's past operation, to disallow any surcharge amounts found not just and reasonable, and to reconcile past surcharges with actual surcharge amounts charged by the cooperatives' wholesale power supplier?

b. Should the Commission hold formal proceedings at two-year intervals to review and evaluate the past operation of the surcharge and where appropriate to disallow improper expenses and incorporate surcharge amounts found reasonable into base rates? Explain.

c. If such formal reviews are held at six-month and two-year intervals, should these proceedings be timed to coincide

with the Commission's reviews of Big Rivers' environmental surcharge? Explain.

Done at Frankfort, Kentucky, this 12th day of July, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director